

MITIGATED NEGATIVE DECLARATION
PURSUANT TO TITLE 14, CHAPTER 3, SECTIONS 15000, ET SEQ.
CALIFORNIA CODE OF REGULATIONS

Project Title

PROJECT TO REMEDIATE SOIL AND GROUNDWATER AT NICOLETTI OIL
BULK PETROLEUM PLANT, MERCED COUNTY

Project Description

The regional water quality control boards are charged under the Porter-Cologne Water Quality Control Act to require cleanup and abatement of polluted ground and surface waters and impacted soils that threaten ground and/or surface waters. In this case, the Central Valley Regional Water Quality Control Board (Regional Board) directed that ExxonMobil and Nicoletti Oil, Inc. (hereafter Responsible Parties, or RPs) remediate impacted soil and polluted groundwater beneath the Nicoletti Oil bulk petroleum plant and contiguous properties impacted by gasoline and diesel fuel that have emanated from the bulk plant (collectively, the Site). Pending project approval, the RPs have taken interim measures to protect public health. The RPs propose a project that consists of a soil vapor extraction and treatment system (SVE system) and a groundwater pump and treat system (P&T system) to remove volatile organic constituents (VOCs) of diesel fuel and gasoline; including benzene, naphthalene, tetraethyl lead (TEL) and numerous other petroleum hydrocarbons from soil and groundwater. The influence of the SVE system will extend into impacted residential areas and create a pressure differential that ensures residents will not be exposed to harmful concentrations of VOCs from the Site during the life of the project. The project is proposed in a Remedial Action Plan (RAP) dated 8 September 2005 (as revised by a 30 September 2005 supplement) prepared by TRC, consultant to ExxonMobil. The RAP, as revised, was approved by the Regional Board on October 13, 2005. The Site is in a commercial/light industrial area across the street from a residential/commercial area in Dos Palos, Merced County (Attachment 1).

The Regional Board is undertaking this review of the remedial action plan pursuant to the California Environmental Quality Act (CEQA) PRC Section 21000 *et seq.*, with the Regional Board acting as Lead Agency, as defined by PRC Section 21067 and the CEQA Guidelines Section 15063.

This Mitigated Negative Declaration and the attached Initial Study (Appendix G – Environmental Checklist Form) evaluate potential environmental impacts from the installation and operation of the project. In accordance with the RAP, the project will include vapor extraction and groundwater extraction from approximately 18 existing extraction wells. Soil vapor will be treated by combustion within a natural gas-fired thermal oxidizer. The thermal oxidizer will destroy petroleum hydrocarbons present in the soil vapors, creating primarily carbon dioxide and water, and potentially creating traces of hydrochloric acid and lead oxides due to the thermal destruction of lead

scavengers and TEL. Due to the high concentrations of VOCs in soil, the thermal oxidizer is the most cost effective method for treating the extracted vapors before discharging them as controlled emissions to the atmosphere. The San Joaquin Valley Air Pollution Control District has authority and expertise to protect air quality and, as a Responsible Agency, will issue a permit that sets operating parameters for the air discharge as well as the appropriate sampling and reporting frequency to ensure compliance with the permit.

The United States Environmental Protection Agency (USEPA) has identified SVE as a presumptive remedy for volatile organic compounds (VOCs) in soil where site conditions are appropriate. Gasoline is a mixture of VOCs and diesel fuel contains a significant fraction of VOCs, including naphthalene. Site assessment has shown that conditions are appropriate for the use of SVE. Nevertheless, some residuals of diesel fuel, and to a lesser extent gasoline, may remain in Site soils following the completion of the project.

Following separation of floating product, groundwater will be treated by passing through a tray aeration air stripper (from which the air stream [300 scfm] will be treated by the SVE thermal oxidizer) followed by three 1,000-pound capacity granular activated carbon (GAC) adsorbers. GAC is widely used in USEPA and Regional Board projects as an effective means of removing petroleum hydrocarbons from groundwater. Separated free product and spent GAC will be removed from the site for recycling at licensed facilities. The treated groundwater will be discharged to the municipal sewer system. If sewer system capacity limits groundwater discharge prior to the end of the project, the treated water may be discharged to surface irrigation supply regulated by a Regional Board permit.

By design, the project will reduce the magnitude of concentrations of gasoline and diesel within soil and groundwater. At some point, projected to be three to six years from initiation of operation, the remedial system will gradually approach a point of diminishing returns, where the bulk of the contamination that can be removed by the system has been removed and the marginal reduction in remaining hydrocarbon concentrations that can be achieved is so low that it does not justify continued operation of the remedial system. At such time, if applicable cleanup levels have not yet been achieved, the RAP specifies the evaluation and consideration of additional remedial measures; including excavation, slurry/treatment walls, *in-situ* (in-place) biological treatment, and *in-situ* chemical treatment as may be necessary to achieve applicable cleanup levels.

The RAP describes the environmental characteristics of the Site and surrounding area, the nature and extent of the gasoline and diesel fuel, the evaluation of remedial alternatives, and recommendations for cleanup and abatement that mitigates potential impacts to protect public health and the environment. This report is on file with the Regional Board and in a public repository at Dos Palos City Hall, 1546 Golden Gate Ave., Dos Palos, and is available for review upon request. Please address comments and questions to:

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1685 E Street
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Project Location

The Site includes 2801 Blossom Street and properties immediately to its north in the City of Dos Palos, County of Merced, California.

Findings of Significant Effect on the Environment

The Regional Board has determined that the project, with appropriate mitigation measures, will not have a significant adverse effect on the environment, as that term is defined in Public Resources Code Section 21068. A copy of the Initial Study which supports this finding is attached.

As noted in the above description, the project has been proposed by ExxonMobil and Nicoletti Oil to cleanup and abate the effects of pollution and nuisance caused by a release of gasoline and diesel fuel. Remedial action thus far has been directed in part by a cleanup and abatement order issued by the Executive Officer of the Regional Board and under proposals by the responsible parties with regulatory oversight and comment from Regional Board staff. These cleanup and abatement actions by the Regional Board are exempt from CEQA pursuant to section 15308 of State CEQA Guidelines, but as the exemption excludes construction and operation of the proposed project it necessitated an Initial Study. The net result of the project will be an improvement of environmental conditions and in the protection of human health.

The responsible parties have implemented interim measures to ensure protection of public health pending implementation of the proposed project and have been responsive to technical modifications recommended by Regional Board staff. As noted, the responsible parties also supplemented the RAP in response to comment from the Regional Board and thus modified the project. The Regional Board staff will continue to monitor the project and will recommend additional modifications as may be appropriate in the light of system performance and evolving circumstances at the Site. Based on past interactions with the responsible parties and their consultants, it is anticipated that they will work cooperatively with Regional Board staff to develop and incorporate any reasonably necessary and technically justifiable revisions to the project, including (as necessary) mitigation measures described herein.

Agreement of the project proponent is normally a prerequisite to adoption of an MND. In this instance, the Regional Board, as a responsible agency, has authority pursuant to section 13304 of the California Water Code to direct responsible parties to take any necessary actions to effect cleanup and abatement of the existing nuisance and pollution.

State Water Resources Control Board Resolution No. 92-49 establishes that Regional Board responsibility under section 13304 includes an obligation to require investigation and cleanup in a progressive sequence, including review of all proposed work and concurrence with any cleanup or abatement proposal it finds has a substantial likelihood to achieve compliance. Resolution 92-49 also established a technical conflict resolution process for disagreements, and any aggrieved party also has the right to petition an order adopted by the Regional Board. The Regional Board can withhold concurrence of a project that is inadequate and may also initiate progressive enforcement for noncompliance with directives. Advance agreement or project modification by the project proponents is not necessary to support use of an MND in this instance.

Mitigation Measures

The following measures have been identified by the Regional Board and will be added to the project, as necessary, to mitigate potentially significant impacts resulting from implementation of the project. The statements are keyed to the numbered environmental factors on the checklist included in the attached Initial Study.

III Air Quality

The proposed equipment is designed to provide treatment sufficient to meet criteria established by the San Joaquin Valley Air Pollution Control District (SJVAPCD). The SJVAPCD will require appropriate monitoring to ensure established emissions criteria are met. If emissions criteria are not met, the system will be shut down until modified as necessary to meet consistently the emission criteria.

VIII Hydrology and Water Quality

Extracted water will be treated using standard technologies prior to discharge into the Dos Palos municipal sewer. The project is designed to consistently produce an effluent quality that will have no effect on the sewage treatment plant effluent quality. If effluent design criteria are not met by the project, as demonstrated by effluent monitoring, the Regional Board will require that the system be shut down until modified as necessary to meet the effluent criteria.

XI Noise

Local and/or country ordinances generally limit sound levels at property lines and/or at the location of sensitive receptors, such as the residences north of Nicoletti Oil. The treatment system is set back from the street in part to avoid excessive noise levels at the property line and equipment is constructed to limit sound emissions to levels reasonably expected to conform to noise ordinance requirements. However, the actual noise levels that will be experienced at the property line or at nearby sensitive receptors cannot be accurately predicted in advance. If system operation results in unacceptable noise levels, the local enforcement agency will take appropriate action or, if necessary, the Regional Board will require retrofitting of the system to alleviate any problems.

XVI Utilities and Service Systems

The effluent discharge rate could consume available capacity to the extent that the City of Dos Palos wastewater treatment facility will require expansion of its disposal capacity sooner than would be necessary without the project. Disposal area expansion is already necessary to accommodate projected city growth. Project flow rates have been approved by the city and will be monitored throughout the project.

Attachments: Vicinity Map
Initial Study (Appendix G – Environmental Checklist Form)